



Tamilnadu  
**JAI BHARATH**  
Mills Limited



**20<sup>TH</sup> ANNUAL REPORT 2008 - 2009**

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#### **Names & Addresses of the Stock Exchanges**

- 1) **MADRAS STOCK EXCHANGE LTD.,**  
(Regional Stock Exchange)  
Post Box No. 183  
Second Line Beach  
Chennai – 600 001.
- 2) **BOMBAY STOCK EXCHANGE LTD.,**  
Phiroze Jeejeebhoy Towers  
Dalal Street,  
Fort, Mumbai - 400 001.
- 3) **AHMEDABAD STOCK EXCHANGE LTD.,**  
Kamadhenu Complex,  
Near Polytechnic  
Panjarapole  
Ahmedabad –380 015.

**BOARD OF DIRECTORS**

**Shri Srinivas A Naidu** - Chairman  
**Shri D.Senthilkumar** - Managing Director  
**Shri T.R.Dhinakaran**  
**Shri T.R.Varadarajan**  
**Shri J.Sree Rajasegaran**  
**Smt D.Kothai**  
**Shri G.Bhaskaran**  
**Shri Manojkumar Kedia**  
**Shri T.Balakumar**

**COMPANY SECRETARY**

V.N. Kittappa

**AUDITORS**

M/s. Krishnan & Raman  
 Chartered Accountants, Rajapalayam

M/s. K.Subramanian & Co.,  
 Chartered Accountants, Madurai.

**BANKERS**

State Bank of India  
 Industrial Development Bank of India  
 Indian Bank

**REGISTERED OFFICE**

212, Ramasamy Nagar, Aruppukottai – 626 159.

**REGISTRARS AND SHARE TRANSFER AGENTS**

M/s. S.K.D.C.Consultants Ltd.,  
 P.B.No.2979, NO.11, Seth Narayandoss Layout  
 Street No.1, Coimbatore-641012

**FACTORY**

Malayankulam village, Sankarankovil  
 Thirunelveli District – 627 756.

**NOTICE OF THE 20TH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS**

Notice is hereby given that the 20th Annual General Meeting of the company will be held on Tuesday the 28th July, 2009 at 4.30 P.M at the Registered Office of the Company at No.212, Ramasamy Nagar, Aruppukottai- 626.159 to transact the following business :

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the audited profit and loss account for the year ended 31st March, 2009 and the Audited Balance Sheet as on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in the place of Shri. J Sree Rajasegaran who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in the place of Shri. Manoj Kumar Kedia who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in the place of Shri. G. Bhaskaran who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors of the Company and fix their remuneration.

M/s. Krishnan & Raman, Rajapalayam and M/s. K. Subramanian & Co., Madurai, are retiring at the ensuing AGM and are eligible for re-appointment.

**SPECIAL BUSINESS :**

6. To consider the Erosion of Paid up Capital and consequential statutory compliance.

The following proposed resolution may be passed with or without modifications.

"Resolved that the erosion of Capital exceeding 50% due to the extraordinary difficult circumstances through which the textile industry is passing through be and is hereby considered and taken note of and the BIFR be informed accordingly".

**NOTES :**

1. A Member entitled to attend and vote is entitled to appoint a Proxy to attend and vote instead of himself / herself. Such Proxy need not be a member of the Company. Proxies, in order to be effective must be received by the company not less than 48 hours before the Annual General Meeting.
2. The Register of Members and the Share Transfer Books of the company will remain closed from 22.07.2009 to 28.07.2009 (both days inclusive).
3. Members are requested to bring their copies of the Annual Report to the Meeting.
4. Members / Proxies should bring the attendance slip duly filled in for attending the Meeting.

Place : Chennai  
Date : 9th June 2009

By Order of the Board  
**D. SENTHILKUMAR**  
Managing Director

### Details of appointment / re- appointment of Directors as per Clause 49 of the Listing Agreement:

Shri J. Sree Rajasegaran, Shri Manoj Kumar Kedia and Shri G. Bhaskaran are retiring by rotation and being eligible offer themselves for re-appointment. The information / details to be provided in respect of the above said Directors under Corporate Governance code are as under :

Sl.No.	NAME	QUALIFICATION	BRIEF RESUME AREA OF EXPERTISE	OTHER DIRECTORSHIP
1	Shri J. Sree Rajasegaran	B.Com	He has rich experience and specialized knowledge on the textile industry, and also very good exposure on Corporate Management.	4
2	Shri Manoj Kumar Kedia	B.Com	He has rich experience in cotton Yarn and Textile Business for nearly a decade.	2
3	Shri G. Bhaskaran	B.Sc.	He has good exposure in financial and Corporate Management.	1

### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

#### Item No.6

As on 31.3.2009 the accumulated losses of the Company has exceeded 50% of the net worth and consequently BIFR has to be informed of the Erosion of Capital under the Sick Industrial Companies (Special Provisions) Act, 1985. This is placed before the members for information. The BIFR will be intimated after the AGM.

Place : Chennai.  
Date : 9th June 2009

By Order of the Board  
**D.SENTHILKUMAR**  
Managing Director

**DIRECTORS' REPORT :**

To

The Members,  
Tamilnadu Jai Bharath Mills Ltd.,  
Ladies and Gentlemen,

The Directors hereby present their Twentieth Annual Report on the business and operations of the Company and Financial Results for the year ended 31st March, 2009

<b>FINANCIAL RESULTS :</b>	<b>2008 -2009</b>	<b>2007 - 2008</b>
	<b>Rs.</b>	<b>Rs.</b>
Profit (+)/Loss(-) from operations		
Before Depreciation	(-) <b>6,89,95,674</b>	(-) 78,70,513
Less : Depreciation	(-) <b>3,69,48,317</b>	(-) 3,08,54,967
Profit(+)/Loss (-) after		
Depreciation	(-) <b>10,59,43,991</b>	(-) 3,87,25,480
Less : Tax Provision – FBT	(-) <b>2,52,000</b>	(-) 2,58,000
<b>NET PROFIT (+)/ LOSS(-)</b>	(-) <b>10,61,95,991</b>	(-) 3,89,83,480
Add Balance of Loss as per		
Last Balance Sheet	(-) <b>2,17,49,612</b>	NIL
Less: Loss transferred to		
General Reserve	<b>NIL</b>	1,72,33,868
Balance loss carried over to		
next year	(-) <b>12,79,45,603</b>	(-) 2,17,49,612

**TURNOVER :**

The Company has achieved an overall Turnover of Rs.70.89 Crores during the year against the turnover of Rs.57.98 Crores for the previous year, resulting in an increase of Rs.12.91 Crores .

Textile Industry is one of the worst hit in this current phase of Global Economic meltdown brought about by the financial Crisis in the developed countries.

This created demand recession in the Export Markets which accelerated many folds the oversupply situation in the domestic market for textiles. The ongoing Power Crisis in the State and high interest rate, have further depressed the Textile Industry's performance.

Steep hike in minimum support price (MSP) by 40% by the Government for cotton have caused the Raw material price to remain high and steady. Increase in Raw Material prices and Decrease in Yarn prices sent the Textile Industry into a tail spin.

**DIVIDEND:**

In view of the accumulated losses, your Directors regret their inability to declare any dividend for the year.

**FUTURE :**

Analysts predict improvement in the trend by the end of this year. The new UPA Government have exhibited signs to look into the plight of the Textile Industry and is expected to announce sops to review the industry.

Realising the situation, the Financial Institutions also have come forward to restructure the Debt Repayment schedules.

With Slight improvement in the Yarn Prices we hope the worst is behind us.

**FIXED DEPOSIT :**

There is no unclaimed or overdue Fixed Deposits remaining with the Company as on 31.03.2009. No deposits were received 2008-2009. Due to unfavourable financial results for this financial year due to challenging economic environment, have resulted in the reduction of limit prescribed for Fixed Deposits. The Fixed Deposits will be repaid as and when they become due.

**PERSONNEL :**

Particulars of Employees pursuant to the provisions of Sec.217(2A) of the Companies Act, 1956 read with companies (Particulars of Employees) Rules, 1975 as amended upto date.

Employees who were paid remuneration in aggregate of Rs.24,00,000/- per annum.- NIL

Employees who were paid Rs.2,00,000/- or more per month in any part of this year. - NIL

The company has provided to Rs. 7.82 Lacs this year on the basis of actuarial valuation furnished by LIC. We have provided a total sum of Rs. 21.82 Lacs from the year 2006-2007 on an actuarial basis against the total accrued amount of Rs. 97.22 Lacs. We will provide the balance also in due course.

**DIRECTORS RESPONSIBILITY STATEMENTS:**

Pursuant to the requirements under Section 217 (2AA) of the Companies Act, 1956, your Directors declare:

- that in the preparation of the annual accounts for the financial year ended 31st March, 2009, the applicable accounting standards had been followed along with proper explanations relating to material departures;
- that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for the year under review.
- that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- that the directors had prepared the accounts for the financial year ended 31st March, 2009 on a going concern basis

**DIRECTORS :**

In ensuing Annual General Meeting Shri. J Sree Rajasegaran, Shri. Manoj Kumar Kedia and Shri. G. Bhaskaran are retiring by rotation, and being eligible offer themselves for re-appointment.

**AUDITORS :**

M/s. Krishnan & Raman , Rajapalayam and M/s. K.Subramanian & Co., Madurai, the present Auditors of the Company hold office till the conclusion of Twentieth Annual General Meeting and are recommended for re-appointment on such remuneration as may be fixed by the Board of Directors.

The notes forming part of Accounts referred to in the Auditors' Report are self-explanatory and complete.

**INFORMATION AS PER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 :**

Particulars required under Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 as amended are furnished in the Annexure – I.

**CORPORATE GOVERNANCE :**

As per the amended Listing Agreement with the Stock Exchanges, a Report on Corporate Governance together with the Auditors Certificate regarding the compliance of conditions of Corporate Governance form part of the Annual Report-Vide Annexure – II.

**ACKNOWLEDGEMENT :**

The Board wishes to record its sincere appreciation for the excellent support and co-operation extended by the Members, Fixed Deposit Holders, Customers, Suppliers, Bankers, Statutory Authorities and also its Employees for their continued good performance.

Place : Chennai  
Date : 09.06.2009

for and on Behalf of the Board  
**SHRI SRINIVAS A NAIDU**  
Chairman

**ANNEXURE TO DIRECTORS' REPORT - ( ANNEXURE - I )**

Information pursuant to the Companies (Disclosures of particulars in the Report of Board of Directors) Rules, 1988.

**A CONSERVATION OF ENERGY:**

- (a)Energy Conservation : 1.Periodical energy analysis are being carried out and measures taken to monitor the usage of energy.  
2. For energy conservation the suggestions formulated by SITRA are being carried out.
- (b)Additional investment and : Energy saving and conservation proposals if any, being implemented for reduction of consumption of energy.
- (c)Impact of the measures at : Consumption of energy has been (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.
- (d)Total energy consumption : Particulars are given in Form "A" and energy consumption per unit of production.

**B.TECHNOLOGY ABSORPTION:**

- (e)Efforts made in technology : Particulars are given in Form "B" absorption.

**C.FOREIGN EXCHANGE EARNINGS AND OUTGO:**

- (f) Activities relating to export : The Company is exporting to initiative taken to increase Bangladesh,Italy, exports and development of Spain, United Kingdom, Belgium, new export markets for Korea, Brazil, Thailand products and services. and Sri Lanka. The company is on constant endeavour to locate more buyers in these countries and is also exploring the possibilities of exporting yarn to other countries.

**(g)Total Foreign Exchange used:**

- 1) Capital Expenditure : Rs. 1,03,60,887  
2) Foreign Travel : Rs. Nil  
3) Consumable.Spares : Rs. 35,373  
4) Commission : Rs. 36,04,465  
5) Erection Charges : Rs. 74,511

**(h)Total Foreign Exchange earned in C & F:**

Export Sale of Cotton yarn : Rs. 21,32,73,510

**ANNEXURE: FORM "A"**  
Year Ended Year Ended  
**A)Power & Fuel Consumption:** 31.03.2009 31.03.2008

1) Electricity			
a) Purchased :	KWH	2,47,17,541	2,43,05,946
Total Amount	Rs.	10,43,03,098	10,40,69,622
Average Rate per unit	Rs.	4.22	4.28
b) Own Generation			
1)Through Diesel Generation:			
Units in	KWH	28,48,205	4,98,600
Total Amount	Rs.	2,94,44,952	50,03,652
Units per litre		3.04	2.88
Cost per unit in	Rs.	10.33	10.04
Coal, Furnace Oil and other			
Internal Generation:			
2) Through Power Plant (HFO)			
Diesel			
Units in	KWH	3,40,786	1,31,150
Total Amount	Rs.	16,73,446	10,12,785
Units per litre		3.61	3.80
Cost per unit	Rs.	4.91	7.72

**B.Consumption per unit of Production:**

Electricity unit consumed per kg. of yarn is 4.12 as compared to 4.29 in last year.

**ANNEXURE: FORM "B"**

**Research and Development:-**

- 1.Special areas in which R & D : 1.Grading of Cotton for specific carried out by the company count and quality of yarn.  
2.Evaluation and maintenance of quality of yarn at the various stages of processing and optimising the process parameters to achieve the best yarn quality to meet the International Standards.
- 2.Benefit derived as a result : Existing and future overseas of the above R & D sales contracts as well as realizing good prices for yarn in indigenous markets.
- 3.Future Plan of Action : To compete effectively in the International/Indigenous Markets.
- 4.Expenditure on R & D
- a) Capital : NIL  
b) Recurring : NIL  
c) Total : NIL  
d) Total R & D expenditure as percentage of total turnover (Gross Receipts) : NIL

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:**

1. Efforts, in brief, made towards: Continuous efforts are made technology absorption, adaptation towards technology absorption and innovation and benefits by constantly watching the latest developments in India and abroad in the new designs of machines etc in the textile industry with Special attention to Spinning Industry. Priority is being given to improve the quality of the Products and increasing productivity through effective measures.
2. Imported Technology : NIL

**REPORT ON CORPORATE GOVERNANCE (ANNEXURE - II) :**

The present status with regard to the various aspects of the corporate governance is given below :

**1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE :**

Tamilnadu Jai Bharath Mills Limited's philosophy on corporate governance envisages the attainment of transparency, accountability and equity in all facets of its operations, and in all its interactions with its Stakeholders, Suppliers, Creditors, Fixed deposit holders, Employees etc., The Company's decisions / actions in the conduct of business and in the treatment of its employees shall be devoid of any discriminations on the basis of sex, colour, creed castes etc.

**2. MANAGEMENT DISCUSSION AND ANALYSIS :**

Textile Industry has been playing a dominant role in Indian economy, thanks to the traditional strengths such as availability of skills, raw material and global technology. Though the government has taken a slew of measures to support this industry, of late it is in a difficult situation due to increased cost of inputs vis-à-vis the decreased price for final product, power shortage, sudden rupee appreciation etc., The New UPA Government and the Union Textile Ministry have recently assured that the Government is reviewing issues confronting the Textile Industry and is expected to announce sops to revive the Industry.



**3. BOARD OF DIRECTORS :****Composition**

The present strength of the Board is Nine. Its composition / particulars of Directors and the details of the Board meetings held and attended by the Directors during the year under report are given below. The Chairman of the Board is a Non-executive and Independent Director. All Directors, except the Managing Director are liable to retire by rotation.

Particulars	Composition of the Board		Minimum requirement as per Clause 49
	No. of Directors	% of Total Directors	
Non executive Directors (Independent Directors)	8 (4)	88.88 (44.44)	50% (33.33%)
Whole Time Director	1	11.12	
<b>Total</b>	<b>9</b>	<b>100.00</b>	

The necessary disclosures regarding the Committee positions have been made by the all the Directors. None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees.

The relationship between the Directors interse is given below :

Shri D. Senthilkumar , M.D : S/o. Shri. T.R.Dhinakaran and Brother of Smt. D. Kothai  
 Shri. T.R.Dhinakaran, Director : F/o. Shri. D. Senthilkumar and Smt. D. Kothai , Brother of Shri.T.R.Varadarajan and uncle of Shri. J. Sree Rajasegaran  
 Smt. D. Kothai , Director : D/o. Shri.T.R.Dhinakaran and Sister of Shri.D. Senthilkumar

Four Board Meetings were held on 23.05.2008, 23.07.2008 , 17.10.2008 and 28.01.2009.

The gap between any two meetings did not exceed four months.

The Details of attendance of the Directors are given below:

Name of the Director	Nature of Directorship	No of Board Meetings Attended	Attendance at last AGM 31.03.2008	No of other Directorship	No.of other Committee Membership	No.of other Committee Chairmanship
				(**)	(**)	(**)
1. Shri Srinivas A Naidu Chairman	NEID	4	YES	3	NIL	NIL
2. Shri D. Senthilkumar Managing Director	ED	4	YES	15	2	NIL
3. Shri T.R. Dhinakaran	NED	3	YES	28	NIL	NIL
4. Shri T. R. Varadarajan	NED	--	--	9	NIL	NIL
5. Shri J Sree Rajasegaran	NED	--	--	4	NIL	NIL
6. Smt. D. Kothai	NED	3	YES	5	NIL	NIL
7. Shri G.Bhaskaran	NEID	4	YES	1	NIL	NIL
8. Shri T.Balakumar	NEID	4	YES	2	NIL	NIL
9. Shri Manoj Kumar Kedia	NEID	1	--	2	NIL	NIL

\*\* includes all companies viz., public and private companies.

ED - Executive Director, NEID - Non-Executive and Independent Director, NED - Non-Executive Director

**Mandatory Committees****4. AUDIT COMMITTEE :**

In compliance with the requirement of Section 292A read with Clause 49 of the Listing Agreement, the Board has constituted an Audit Committee with terms of reference as detailed in the said section / clause.

The Audit Committee of the Board is headed by Shri T.Balakumar, a Non Executive and Independent Director. Other members of the Committee are Shri Srinivas A Naidu , Shri Manoj Kumar Kedia , Shri G.Bhaskaran and Smt. D.Kothai..





Four Committee Meetings were held on 23.05.2008, 23.07.2008, 17.10.2008 and 28.01.2009 and the details of the number of meetings attended by the members are given below :

Sl No.	Name of the Member	No. of Committee Meetings attended during 2008 - 2009
1.	Shri T.Balakumar, Chairman	4
2.	Shri Srinivas A Naidu, Member	4
3.	Smt. D. Kothai, Member	3
4.	Shri G. Bhaskaran, Member	4
5.	Shri Manoj Kumar Kedia, Member	1

The Statutory Auditors are permanent invitees to the meetings.

**5. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE :**

A committee headed by Shri Srinivas A Naidu, Non Executive Director, as Chairman of the Committee looks into the aspects relating to the shareholders' interest, as stipulated in clause 49 of the Listing Agreement with Stock Exchanges. The other members of the committee are Smt. D. Kothai, Shri G. Bhaskaran, Shri T. Balakumar and Shri Manoj Kumar Kedia. The Compliance Officer for the purpose of the listing agreement is Shri. V.N. Kittappa, Company Secretary. There are no pending share transfers. There were no significant Investor grievance during the year and no Grievance / Letters from the Investors were pending disposal as on the date of this report.

Four Committee Meetings were held on 23.05.2008, 23.07.2008, 17.10.2008 and 28.01.2009 and the details of the number of meetings attended by the members are given below :

Sl No.	Name of the Member	No. of Committee Meetings attended during 2008 - 2009
1.	Shri Srinivas A Naidu, Chairman	4
2.	Smt. D. Kothai, Member	3
3.	Shri G. Bhaskaran, Member	4
4.	Shri Manoj Kumar Kedia, Member	1
5.	Shri T. Balakumar, Member	4

**Non Mandatory Committees**

**6. REMUNERATION COMMITTEE MEETINGS : NIL**

Since no new appointment / revision of remuneration of Directors was made during the year, no meeting was held. Shri D. Senthikumar, Managing Director has opted not to receive any remuneration until the company wipes off the accumulated losses.

**7. ANNUAL GENERAL MEETINGS :**

(i) The details of the time, venue and the date of the last three Annual General Meetings are given below :

AGM	DATE	TIME	LOCATION
17TH	20.08.2006	4.30 P.M	212, RAMASAMY NAGAR ARUPPUKOTTAI-626159
18th	20.07.2007	2.15 P.M	- DO -
19th	23.07.2008	4.00 P.M	- DO -

(ii) Special Resolution passed in the previous 3 AGMs.

17th AGM on 20.08.2006	-	NIL
18TH AGM on 20.07.2007	-	NIL
19TH AGM on 23.07.2008	-	NIL

(iii) Whether any Special Resolution Passed last year through Postal Ballot

- NIL  
- Not Applicable

(iv) Person who conducted the Postal Ballot exercise

- Not Applicable

(v) Whether any special resolution is proposed to be conducted through Postal Ballot

- NO  
- Not Applicable

(vi) Procedure for Postal Ballot

- Not Applicable

**8. DISCLOSURES :**

(i) The related party disclosures as required under AS - 18 are given in notes forming part of the Accounts in the Annual Report.

(ii) Details of non compliance by the company, penalties, strictures imposed on the company by the Stock Exchange or SEBI or any statutory authority, on any matter relating to capital markets during the last three years - NIL

(iii) Whistle Blower Policy - Company has installed a suggestion / complaints procedure for employees to get their views / complaints on the workings / short comings, if any of any Department.

(iv) Mandatory requirements have been complied with while non mandatory requirements have been complied with to the extent possible.